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ABSTRACT

This paper analyzes the effect of the unified single market of 1992 on European telecommunications. The major policy aspects of the European Economic Commission's Green Paper on "The Development of the Common Market for Telecommunications Services and Equipment" are highlighted, and the effects of these policies in the equipment market are discussed. The impact of improving the performance of the market for telecommunications equipment is described, and significant structural changes already taking place in the various European national markets on both the equipment side and the service side are outlined. Three tables are included. (GL)

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Implications of 1992 for European Telecommunications

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1. Introduction

When analysing the effect of the unified single market of 1992 of the Europe of the 12, we must recognise:

- 1992 is essentially a PR target which has had a considerable influence on national as well as EEC-wide policy making. It is a point in time at which the degree of integration can be assessed.

- The Term "European telecommunications" presumably refers to all of Europe and not just the European Community. While this paper will mainly focus on the EC, we must remember also not only the role of the EFTA countries, which are equally affected, but also the countries of Eastern Europe, and look at what is happening to them as a result of the accelerated integration of the EEC.

- Telecommunications policy is still mainly national policy. The decision making is therefore very much the result of national policies, EC policies, and other international tendencies.

2. The Myth of 1992

The real significance of 1992 lies much more in the effect of the PR campaign than in the programme itself. The campaign of marketing 1992 has been enormously successful in alerting the public and especially the entrepreneurs to the potential of a unified European market and the opportunities for European ventures. It has restored self-confidence in the European ideal, which was fast slipping in butter and wheat mountains and lakes of olive oil. To quote Lord Weinstock "nothing new has happened except that this time these joint projects work. 1992 has changed things. People have woken up." (Financial Times, December 30th 1988). Thus, even if objective reality has not changed very much, the manner in which it is perceived has, and the spirit in which programme implementations are carried out has also. In a way, it is already apparent that some opportunites will be seized which were not taken before, not because there were official obstacles to them, but because business horizons were too national in

outlook. Furthermore, the spirit with which past Directives are now being implemented indicates a much greater sense of sincerity than in the past, for example in the case of public procurement policy or financial market liberalisation (Centre for Business Strategy, 1989). How far the process will actually go is difficult to say. The idea of creating a single market of 320 million people is certainly misleading as a guide to the real degree of economic integration to be achieved. Europe is much too heterogenous in its cultures, its institutions and its demand patterns. What is likely, therefore, is that trade liberalisation will primarily affect supply, through increased integration, but differences in demand will continue to persist. From an economic perspective, 1992 is therefore more about the creation of greater product diversity within more competitive national markets. The major effects will therefore derive from wider product variety as a result of integration, and the greater degree of competition through the liberalisation of the traditional national regulatory structures. Telecommunications equipment and services is of course an area in which market entry has in the past been inhibited, either by domestic regulation or public procurement policy.

The policies which form the basis of the 1992 programme were first put forward in the 1985 White Paper of the Commission ("Completing the Internal Market" COM (85) 310). Most of the proposals aim to reduce obstacles to the integration of the markets for goods, such as the abolition of fiscal frontiers, the reduction or elimination of border controls and the movement of goods and people. Emphasis is also given to the elimination of non-tariff barriers through different national standardisation and regulation and the opening up of national procurement policies to EEC-wide tenders. Altogether there was a list of 300 measures, a number of which have since been implemented. These measures were taken further by the Single European Act, which became effective in 1987. In it, the completion of the internal market by the end of 1992 was stated as the main objective, and except for proposals relating to fiscal policies or the movement of individuals between countries, the unanimity of proposals adopted by the Council of Ministers, which become binding on individual Member States, is no longer necessary.

3. Major Policy Aspects of the Green Paper

Since the formation of the Community by its six original Member Countries - Netherlands, Belgium, Luxemburg, West Germany, France and Italy - in 1957, several initiatives (reducing import tariffs, removing intra-Community technical barriers etc) helped to keep the dream of a united Europe alive. But the double recession related to the oil crises and the enlargement of the Community to a 12-nation market in 1986 (by which time Spain, Portugal, Denmark, the UK, the Irish Republic and Greece had joined) brought many new problems and the de facto integration was slowed down. Together with the recession, increased protectionist policies emerged. In information technology in particular, preferential procurement policies, which relied to some extent on disparate technology standards, led to only a limited amount of integration, especially in the more sensitive areas of public sector procurement for telecommunications equipment. The closed market has been further underlined with stringent testing and certification requirements. Even in the areas outside of the telecommunication monopolies, integration was slow.

It is against this background that the commitment towards a progressive completion of a single market by 1992 arose with the agreement of the EEC's heads of government in 1985. Lord Cockfield, Vice President of the European Commission and one of the driving forces behind the attempts for a single unified European market, initiated a White Paper (COM (85) 310) that outlines 300 reforms that are to form the basis for the current effort.

Of course, the White Paper covers many industries and market regimes, from buldings and automobiles to such service sectors as banking, insurance and telecommunications. The EEC's Green Paper on "The Development of the Common Market for Telecommunication Services and Equipment" (COM (87) 290 final) focuses only on one specific subsector of Community activities. Its purpose is to intitiate a wide-ranging discussion on the issues of a common market and to help in the establishment of a coherent Community-wide framework in the ongoing changes of the present system of telecommunications regulation. It followed the spirit of the 1985 White Paper of the Commission

(COM (85) 310), where the cost of physical and technical frontiers are identified as basic obstacles to completing the internal market. The main advantage of reducing these technical and administrative frontiers was seen in the greater integration of markets, in other words making them more competitive while at the same time allowing increasing specialisation and utilisation of economies of scale.

This latter point seems to apply particularly to telecommunications equipment, while in telecommunication services provision, economies of scale are more or less realised at a national level. Except for the UK, we have ususally only one operator and one physical network if one ignores the sizable networks of public utilities and the military (there are several network operators in Italy, Denmark and Portugal, but their responsibilities are strictly delineated according to geographic or functional lines). Increased integration in telecommunication services could therefore only arise on a limited scale, but the harmonisation of the different regulatory procedures and an increased availability for competitive offerings could have important economic effects.

4. Effects in the Equipment Market

Telecommunications equipment is used to construct the network infrastructure for telecommunication services. It ususally consists of transmission and switching equipment and customer premises equipment (CPE) which is needed for access to such networks. These three product categories make up the most important market segments, in addition to a small set of miscellaneous products. Table 2.1 gives an overview over these four markets, which shows the dominance of central office equipment with almost half the market volume, depending on the definitions used. Other market studies have a slightly different delineation, but all come to similar size magnitudes. The interesting point in connection with the Green Paper, is that the majority of products fall under public procurement rules, while only part of CPE equipment and some switching and wiring in private networks is really sold more or less in an open market. There are three influences, which are likely to be felt:

- the first relates to increased Community-wide standardisation,

Table 2.1: Telecommunications Equipment Markets in the Principal OECD Countries, 1984 (in Mill US $)

	public switching	private switching	public transmission (incl. broadcast)	CPE
World Market	10000	9420	14590	6495
France	730	251	650	448
West Germany	457	492	690	400
U.K.	687	361	460	250
Italy	710	129	400	131
USA	2850	5400	5220	2830
Japan	627	808	1520	316
Canada	327	210	210	72

Source: Rausch (1987, p. 20)

Table 2.2: The Presence of Major Central Office Equipment Suppliers in Different European Countries (EEC and EFTA) 1986

	EEC											EFTA		
	B	DK	E	F	UK	IRL	I	NL	P	D	A	CH	S	N
Ericsson		xx	xx	xx	xx	xx	xx	xx				xx	xx	
GTE							xx							
Alcatel	xx	xx	xx	xx		xx	xx	xx	xx	xx	xx			xx
ATT-Philips								xx						
GEC-Plessey					xx									
Siemens	xx								xx	xx	xx	xx		
Italtel							xx							
Northern/STC					xx						xx	xx		
Teli													xx	

1) refers to actual plant sites; excludes Greece

- the second to an increasingly open public procurement policy (extending the earlier EEC Directive 77-62 and its more recent Recommendation 84-550), and

- the liberalisation of the CPE market.

Concerning the first effect, standardisation, the greatest influence will be felt in central office equipment, where at the moment a number of different non-compatible European systems exist. In assessing the likely effect of the EEC's policy, one has to compare the EEC's role in standardisation efforts compared to those activities already carried out by other internal standard-setting bodies. The setting up of a European standards institute and the move towards more open interfaces (also the support of OSI standards in public sector procurement) will lead both to rationalisation and competitive effets. Rationalisation effects are here mainly due to increasing lot sizes, while competitive effects arise because more competitors can now compete in markets that were previously separated. The EEC's recent estimate indicates that savings in the neighbourhood of 5 to 10 per cent of the current European CO switching market of about 5 bn ECU may be possible, thus saving the PTTs eventually 0.25 to 0.50 bn ECU per annum. The competitive effects could increase this number in the long run (EEC, 1988, chapter 10).

The other two product groups, transmission and CPE equipment, are already more standardised, so the effects of the Green Paper's standardisation efforts are ikely to be smaller. Nevertheless there might still be dynamic competitive effects.

More important is the effect expected from more open public procurement policiies in line with the EEC Recommedation 84-550. This Recommendation foresees that 40 to 50% of public contracts are to be opened by 1992 (compared with 10% of all tenders today). If this policy is used in a strategic way, applied mainly to the non-standardised, semi-closed markets, sizable savings might be possible. The EEC's estimates are as high as 15%, or 3 bn out of a total of 17.5 bn ECU, using 1985 market volumes.

Already there is a great deal of restructuring in the European central office equipment industry as we mentioned above: Alcatel has taken over all the ITT facilities in Europe;

Siemens has acquired the European operations of GTE and formed a joint company concerning its US activities, and together with GEC it is taking over Plessy; L M Ericsson has taken over CGCT in France; and AT&T has made cooperation agreements with Philips and STET (the Italian holding company for Italtel and SIP). Nevertheless, in order to achieve savings of this kind we would expect considerable political opposition to the rationalisation policies that would have to follow. If public telephone operators (PTOs) nevertheless were able to adapt the aggressive procurement rule envisaged under EEC Recommendation 84-550, recourse would probably be taken to extra government funding from other public sources to maintain some of the activity employment in the industry on the regional basis still prevailing. As a consequence, the 3 bn ECU savings mentioned above represent perhaps only the maximum price reduction possible.

But such rationalisation effects are probably not realistic, because of the political opposition to the necessary restructuring to achieve the kind of price levels currently being achieved in the US. The reason is that economies of scale take place in software production (spreading roughly 1 bn US$ development cost over a certain market and 0.1 bn annual updating and modernisation efforts), but also in the actual hardware production and assembly. European CO manufacturers, who often produce one to two million lines per annum, must compare their production cost with AT&T's seven million lines per annum (in a single plant) or the four to five million lines produced by Northern Telecom. Even if plants also produce large private branch exchanges, for which some components, software and testing tools of CO equipment can be used, the European production scale is by comparison still small, suffering from a cost disadvangate that is equivalent to 20 to 30%, when comparing a plant of seven million lines capacity pa to one of one million lines pa.

That even scales of this size (ie 1 million lines pa) are not always possible is indicated in Table 2.2 (1.4), which shows the distribution of CO manufacturers. Some of them have often more than one plant per country, with the smaller countries actually accounting for only very small market demand.

The economies of scale in the production of transmission equipment is significantly less, especially as off-the-shelf components can be used for part of the transmission

applications. Significant scale effects exist, however, in the production of cables (both copper and optical fibres) and standardised microwave components. Satellite receiving dishes, traditionally part of transmission technology, are now becoming actually part of CPE, as they are more and more proper in the CATV home-owners' market.

Despite these high benefits in specialisations, we currently find, at least in the public procurement area of transmission and switching and to some extent also in CPE, highly protected national markets within each EEC Member Country. There is little intra-EEC trade, but a fair amount of exports to countries outside the EEC. Total imports account for much less that 10% of final demand, a further confirmation of the national orientation of these markets (of these imports, more that 50% come from the US and Japan).

The reasons for this peculiar "closed" market structure are threefold: selective procurement and certification policy, incompatible standards and "input sepecificity" (goods and services specifically customised to the user's specification, for example to allow compatibility with previous investment in a complex network system).

Selective procurement policy is related to assistance of national governments - for industrial policy reasons - on maintaining a "technology base" in such an advanced manufacturing sector as telecommunications equipment.

Restrictive certification policy and incompatible international standards are sometimes also used as instruments of such a "technology base" policy. But often they are related to a specific technology orientation of an administration, often in close accordance with domestic manufacturers for user influence in certification and standard setting to raise entry barriers to outsiders.

"Buyer or input specificity" is especially relevant for CO equipment. Given the high adjustment cost of moving from one type of system or standard to another, it is of course difficult to open national markets quickly. The degree of buyer specificity is less strong for transmission equipment and CPE, because the interfaces between different types of equipment have already been more or less internationally standardised, allowing smaller

specialist suppliers to survive in different national markets.

As a consequence, while we believe that the restructuring in the CO area and partly in transmission will move rather slowly, and also because the Community at the moment does not have strong enough policy tools for implementation (the 40 to 50% rule is only contemplated by 1992), stronger adjustments in the private markets, including CPE are expected. The likely dynamic implications of such a move are illustrated by the recent growth in the liberalised US and UK CPE markets. As a consequence of private purchasing, depreciation rates dropped considerably, simple handsets were replaced much more frequently than before, leading to a significantly larger turnover. Similar tendencies, perhaps less dramatic, occurred in the market for private branch exchanges (PABX). Nevertheless it is here, where AT&T has recently filed an antidumping petition with the Department of Commerce, against manufacturers from Japan, Korea and Taiwan (AT&T, 1988). Instead of the projected import penetration for CPE equipment of 20 to 23 % which was predicted by the International Trade Association in 1984, total annual import penetration has in some markets risen above 50%. A similar picture emerges from an analysis of the UK, where imports in the CPE sector, and especially that for mobile handsets, have increased dramatically after opening these markets, with many of the imports coming from either the US or the Far East.

These observations suggest that if the Green Paper recommendations were implemented fully, considerable structural rearrangements would result, with significant long-term benefits to users. These positive results must be seen againt the adjustment cost of producers and the fear of the loss of regional or national technology bases. It seems therefore likely that national industry objectives and differentiated standards will continue to play a role in this adjustment process. The full fruits of integrating the telecommunications equipment market can only take place if some common agreement between the governments concerned can accompany this restructuring, for example about where centres of R&D and the relevant national technology bases ought to be located (as in the case of the Airbus Consortium).

To sum up the effects on the equipment side, we find significant savings as a result of moving towards a single European market in telecommunications equipment. The

reasons are insufficient exploitations of scale and specialisation economies as a result of limited national markets and the insufficient competitive pressure because of protective procurement and certification policies. These implications must not be seen as a threat, but rather as a potential. The threat has already been outlined above. The potential on the other hand is often forgotten. It lies not only in increasing the available market area which would make certain marginal applications profitable, which would otherwise have to be forefone, but also in stimulating the competitive pressure at each of the different submarkets for equipment, production and utilisation. Increased competitiveness means a painful restructuring for some, but it also means lower prices and an increase in application potential for others with important demand expanding effects.

5. Completing the Internal Market for Telecommunication Services

Improving the performance of the market for telecommunications equipment would already result in lower telecommunications cost. Performance on the service side can be increased further through more effective service provision, fewer restrictions on network utilization and the availability of additional, Community-wide standardized services. These effects may be due to

a) lower cost per given output and

b) better network utilization through more rational pricing.

The recommendations of the Green Paper (points A-G of the Green Paper) may produce these two effects. The main recommendations, which concern us here, are

- the provision of competitive "non-reserved" services by private firms (proposition C),
- open network provision on the basis of non-discriminatory terms (proposition E) and
- a more liberalized market for CPE (including receive-only earth stations) in combination with
- more Community-wide standard setting (proposition F).

Important are also the insistence on stronger antitrust rules (propositions H and I) and the recommended separation of regulation from operation (proposition G) which should give are permitted to take place in competition with the PTOs.

While the scenario of full network service competition, as practised in the U.S. and eventually envisaged in the UK, seems unlikely, the threat of competition through non-reserved services and marginal network services (such as mobile and satellite services) might be enough to increase productivity levels of the PTOs.

Productivity comparisons are difficult to carry out but we are currently undertaking such an exercise in an elaborate comparative study at the DIW. Initial results suggest that significant productivity differences between the PTOs exist, pershaps as a consequence of differences in the production technology used and the degree of X-inefficiency within the organization, but also as a consequence of important outside (political) constraints on the PTOs that prevent a movement important over time, i e if some administrations are able to achieve constinuously higher productivity records. If this is combined with scale effects of the network, the more efficient networks will be able to pass on these savings at lower average costs than slowly growing less efficient networks.

The second effect that we mentioned above relates to the effect of a more rational tariff policy, when the recommendations of the Green Paper to move tariffs close to due costs take place. Greater network efficiency is not only achieved through lower cost per given output, but also through better network utilization as a consequence of a more rational pricing structure, since current EEC telecommunication tariffs diverge significantly from cost (see Table 2.3). As a consequence, the price signals to the users of the telecommunication networks are distorted, causing the users to make allocatively inefficient decisions and preventing the dynamic productivity effects of entrants, whose service is prohibited because of the danger of creamskimming through arbitrage (this refers to the incentive that any potential service supplier would want to enter mainly in the lucrative long distance market, thereby "skimming" the cream needed to subsidize the deficit services - rentals and local calls). Innovative services that may have been developed inhouse by larger enterprises either inhouse or between their subsidiaries or cooperating partners (for example in the case airlines, banks etc.) can be sold to third parties only under certain restrictions and sometimes not at all. This implies significant barriers to entry for the socalled value-added network services (VAN services) that are based on telephone networks, but also discriminates against small and medium sized

Table 2.2

Major Tariff Variables in the EC (1988)

(in ECU, includes VA charges where applicated)

Country	Connections	Monthly Rentals Households	Business	Local Call Tariffs (LC) (3 min)	Call Area Size[1]
Great Britain	150	9.00	14.02	0.21	221
Italy	151	4.48	11.54	0.20	9
Belgium	116	10.50	10.50	0.14	78
Ireland	235	11.20	15.10	0.14	78
Luxembourg	58	5.78	5.78	0.12	n.a.
France	36	5.67	13.82	0.11	120
West Germany	31	10.80	10.80	0.11	135
Denmark	189	9.88	9.88	0.10	n.a.
Netherlands	97	9.81	9.81	0.06	5
Portugal	66	7.98	7.98	0.05	1
Greece	199	2.23	2.23	0.03	5
Spain	83	6.66	7.03	0.03	n.a.

	Tariff for Trunk Calls up to 100 Km (TC1)	max. Dist.(3min) (TC2)	Intern. Calls (3 min)[2] From	TO	Intern. Leased Lines[3]	TC1 LC	TC2 LC
Great Britain	0.56	0.56	1.94	2.12	1162	2.7	2.7
Italy	1.62	1.72	2.92	2.16	3500	8.1	8.6
Belgium	0.69	0.69	2.22	2.10	1625	4.9	4.9
Ireland	1.26	1.26	2.88	2.30	1878	9.0	9.0
Luxembourg	-.--	-.--	1.41	2.10	1702	-	-
France	0.85	1.59	1.85	2.10	1541	7.7	14.5
West Germany	1.00	1.66	1.67	2.13	2352	9.1	15.1
Denmark	0.36	-.--	1.37	2.31	1312	3.6	3.6
Netherlands	0.26	-.--	1.75	2.09	1743	4.3	4.3
Portugal	1.19	-.--	2.88	2.40	2889	23.8	23.8
Greece	0.97	1.15	2.73	2.33	2582	32.3	38.3
Spain	0.60	1.07	3.15	3.15	2481	20.0	35.6

[1] measured in thousands of exchange lines
[2] average peak charges from a country to EC members and vice versa
[3] monthly rental and connection charge in $ for eight private circuits to adjacent country and two transatlantic.

Source: Telefonica, Revista T, No 16, Oct. 1987; DIW for International Leased Lines, IBM 1987 for International Calls: European Commission, XIII 1178 (1988)

users who cannot develop or utilize these inhouse because of their small scale. While the dynamic benefits lost as a consequence of current tariff policy are difficult to estimate, static losses, measured on the basis of consumer surplus foregone are already quite sizable (the consumer surplus is how much buyers would have been willing to pay over and above what they actually pay for a service). A move towards cost oriented tariffs would probably result in welfare gains of 10 per cent of current call revenue, i e 4 to 5 bn ECU. If productivity could be increased by a further .5 per cent p.a. and this differential be maintained thereafter, further actual savings of 2 to 3 bn ECU may be possible.

What is interesting to the outside observer is that these two efffects, i e increased productivity and a move towards cost oriented tariffs, are really only a goal of the Green Paper without the proper implementation tools. As long as PTOs retain their more or less public structure and service competition across the Community does not arise, these effects are unlikely to take place. The number of potential losers (mainly the workers of the PTOs) are even more concentrated than those in the equipment firms and often organized better, so that the political resistance to such moves will be very high. It is interesting to see how cautious the Germans, the Italians and the French are moving in this connection despite their lip services to fully embracing the Green Paper. Only if the regulatory framework of the Commission can be strengthened to increase performance and if the PTOs are relea ed of infrastructure policy tasks by pursuing them through more direct policy tools (taxes, subsidies, personnel retraining) will the kind of rational tariff and operating policies result, which will yield the benefits we outlined above. In other words, the likely effects of the Green Paper for telefommunication services could be of a sizable magnitude, but the policy problems involved in getting there are such, that the full technology potential of the information technology cannot be realised within the current institutional framework.

6. National Policies

When analysing the benefits of European integration, an "anti-monde" to the completion of the internal market by 1992 must be constructed as a reference point. Such an anti-monde is based on what would happen if current industry trends were to continue without the extra stimulus of the policies associated with 1992. When thinking of such an anti-monde, we must already note that significant structural changes are taking place in the various national markets, both on the equipment side and on the service side.

- On the equipment side there is already a fair amount of rationalisation taking place and more apparently to come in view of the emerging integration (Müller, 1988, Foreman-Peck - Müller, 1989).

- On the service side, we note the high degree of service integration already achieved between the national telecommunication operators, for example through the Conference of European Post and Telecommunication Administrations (CEPT) and the activities of the ITU. The CEPT standardisation activities have now been taken over by the ETSI, but in a way it is only a continuation of the policies of the past. This mood in national policies will influence to what extent the concept of 1992 can be realised.

As far as overall liberalisation is concerned, the UK still tends to be in the forefront, but with close cooperation from the Netherlands and Denmark. Germany, which in the past was very much a typical PTT monopoly, has now joined this coalition of pro-liberalisation administrations. It was interesting to note that in a recent meeting of telecommunication ministers in Antibes, only the British and the German ministers supported the EEC's Service Directive (which is to allow private operators to provide value-added services in competition with PTOs and to provide basic data communication services from 1993 on), while France led the coalition of the five Member States which took the European Commission to court for allegedly overstepping its powers, both on the equipment liberalisation scheme and the Service Directive. In France the recent report of Prévot (which was commissioned to look at the French deregulation path, after the previous policies of Gerard Longuet of the previous Chirac government had to be

abandoned) suggests a very modest liberalisation, moving France Telecom from a government department to a wholly owned state-run enterprise, such as Air France or the French railways, and the separation from post and telecoms. Pragmatic liberalisation is therefore the order of the day, with few radical changes to be expected, except in the continuation of some industrial policy aspects which would tend to favour France Telecom's activities abroad.

In Italy, the long awaited rearrangement of the equipment market will accelerate after the link up between AT&T and Italtel, the major eqipment company which is a subsidiary of the state-held STET company. On the service side, the government is once again intending to create a "Super STET" in which the three main carriers, ASST, SIP, Italcabel (and Telefspaci) will be combined to create one monopoly carrier. Again, little prospect for liberalisation exists, except for the notorious inability of the Italian legal system to stand in the way of market forces.

A similar policy might take place in Portugal, where three operators are currently in place (two domestic, one international). On the other hand, a political coalition for a "super telephone company" is not as strong, and an alliance with an international network carrier might be possible, in which one or two carriers maintain the option of independence.

There is likely to be little change in Belgium, where concern has always been more on the equipment side, and in Denmark, where four separate telephone companies seem to be doing remarkably well. The Greek telephone sector may eventually move out of the political shadow which it occupied under Pappandreou, given the forthcoming Olympics and the need to catch up in telephone penetration with European standards.

In the Southern countries (Portugal, Spain, Italy, Greece) there is therfore much more interest in increasing national penetration and keeping an eye on industrial policy considerations (maintaining control of a certain segment of the domestic equipment market) than enthusiasm for the policies advocated in the Green Paper, while the coalition of UK, Denmark, Netherlands and Germany will probably be leading the drive towards greater service integration.

How far industrial politics situations can take a carrier have been most vividly shown in Spain, where Telefonica, through purchasing powers, also reorganised the domestic equipment sector by bringing in L.M. Ericsson and AT&T, and now also had its own link up with British Telecom on the mobile side. It has also been active in the privatisation attempts in Argentina and Chile.

An assessment of 1992 requires therfore much more a look at the national activities in the spirit of 1992 and the tendency to imitate certain policy leads, i e Japan and the USA, than to solely look at the policy implementation at the Community level. While this will matter in the end, its implementation is much slower and riddled with compromise than the rapid policy changes that are possible at the national level.